

# TRADE POLICY HIGHLIGHTS

## **MEXICO ANNOUNCES SAFEGUARD INVESTIGATION ON PLYWOOD**

On August 15, 2002, the Mexican Secretariat of Economy (SE) announced in the Diario Oficial that it was initiating a safeguard investigation of imported plywood in response to a petition filed by the Association of Manufacturers of Wood Panels (ANAFATA). The target of the investigation will be imports from Mexico's four largest suppliers, the United States, Indonesia, Malaysia, and Chile. Together, they accounted for over 80 percent of imports in 2000, the period of investigation. Plywood imports totaled \$187.5 million in 2000. The August 15 announcement did not include the imposition of provisional duties.

## **IPPC DELAYS IMPLEMENTATION OF STANDARD FOR WOOD PACKING MATERIAL**

On June 27, 2002, the International Plant Protection Convention (IPPC) suspended implementation of its new standard for wood packing material used in international trade. The action resulted from unforeseen legal issues surrounding the trade marking of the "no bug" mark. The "no bug" mark was developed to signify that wood packing material carrying the mark is in compliance with the heat treatment/fumigation measures identified in the IPPC standard. The IPPC has indicated that it could take up to five months to develop and trade mark a new mark. (For additional information, view <http://www.aphis.usda.gov/ppq/swp/>).

## **BEC AND JTC TO MEET IN SEATTLE**

The Building Experts Committee (BEC) and the Japanese Agricultural Standards Technical (JTC) Committee will meet in Seattle, Washington, September 23-25, 2002. This will mark the first time these committees have met in the United States. The two committees, originally set up under the terms of the 1990 U.S.-Japan Wood Products Agreement, and have met annually in Japan since 1990. The committees are comprised of representatives from government, industry, and academia from the United States, Japan, and Canada. Discussions at the BEC will focus on hybrid construction (construction using mixed materials) and fire-related issues (e.g. test methodology for measuring fire resistance, quasi-fireproof construction). Discussions at the JTC will focus on the JAS standards revision process.

## **DOC INITIATES EXPEDITED REVIEW OF COUNTERVAILING DUTY ORDER OF CANADIAN SOFTWOOD LUMBER**

On July 17, 2002, the Department of Commerce (DOC) announced it was initiating an expedited review of its countervailing duty order for the purpose of establishing company-specific cash deposit rates for 73 Canadian manufacturers of softwood lumber. DOC had previously indicated its intent to initiate such a review in its May 22 countervailing duty order. Softwood lumber products entering the United States from Canada are currently subject to an 18.79 percent duty with the exception of those products manufactured in the Maritime Provinces and those products manufactured by certain manufacturers that rely entirely on logs sourced from the Maritime Provinces or Maine. On a related note, Canada claims that the July 26, 2002 interim ruling by the World Trade Organization (WTO) on Canada's challenge of DOC's preliminary determination was "a fundamental win". Details of the ruling are not yet

publicly available. U.S. officials met with officials of British Columbia and the Canadian Government in late August to discuss forestry reform and how one might evaluate future provincial forestry reform in the context of the U.S. countervailing duty law. Similar discussions are planned with Quebec and possibly several other provinces in September.

#### **APHIS RELEASES ADDITIONAL SHIPMENT OF BRAZILIAN MAHOGANY**

On August 13, 2002, USDA/Animal and Plant Health Inspection Service (APHIS) released an additional shipment of bigleaf mahogany after receiving verification from the Brazilian Government that it had been legally acquired. Ten shipments (and two partial shipments) of mahogany from Brazil have now been released for importation, and allowed entry into the United States. Twenty-one shipments (and two partial shipments) are still being held pending a decision that the shipments were exported in compliance with the Convention on International Trade in Endangered Species (CITES). Six countries (Costa Rica, Bolivia, Brazil, Mexico, Peru, and Colombia) have listed their populations of bigleaf mahogany on Appendix III of CITES, and are required to issue export permits for any shipments of mahogany, certifying that the wood was legally acquired. Several importers have gone to court requesting the release of additional shipments. In 2001, U.S. imports of Brazilian mahogany lumber were valued at \$38 million.

#### **APHIS TO PUBLISH EIS FOR THE IMPORTATION OF WOOD PACKAGING MATERIAL**

On August 14, 2002, USDA/APHIS announced in the Federal Register that it intends to prepare an environmental impact statement (EIS) in connection with regulations under consideration by APHIS to decrease the likelihood of wood packaging material serving as a pathway for the introduction of exotic pests into the United States. APHIS is soliciting comments to assist them in identifying and/or confirming potential alternatives and environmental issues that should be examined in the EIS. Comments are due by September 13, 2002. The alternatives currently under consideration range from no action to requiring the use of alternative materials. It is expected that a proposed rule could be forthcoming before the end of the year. In 2001, the United States imported more than \$1.4 trillion worth of goods, much of which was transported on wooden pallets or in wooden containers.

#### **MALAYSIAN GOVERNMENT BANS LOGS FROM INDONESIA**

On June 25, 2002, the Malaysian Government announced a total ban on the importation of logs from Indonesia. In October 2001, the Indonesian Government banned the export of logs in an attempt to reduce the country's problem of illegal logging. Based on data from importing countries, Indonesia's log exports were valued at \$26 million during January - March 2002, of which \$10 million was exported to Malaysia. The Malaysian Government's action was taken to allay fears that its wood supply was originating from illegally harvested timber and to protect the integrity of its national timber certification scheme.